16

STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

(2006-2007)

FOURTEENTH LOK SABHA

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (DEPARTMENT OF CONSUMER AFFAIRS)

{Action Taken by the Government on the recommendations/observations contained in the Thirteenth Report of the Committee on Demands for Grants (2006-2007) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)}

SIXTEENTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

November, 2006 /, Agrahayana1928 (Saka)

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Presented to Lok Sabha on 6.12.2006
Laid in Rajya Sabha on 6.12.2006

LOK SABHA SECRETARIAT
NEW DELHI

November, 2006 / Agrahayana, 1928 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION – 2006-07

Shri Devendra Prasad Yadav - Chairman

MEMBERS

LOK SABHA

2. Shri Govinda Aroon Ahuja
3. Shri Alakesh Das
4. Shri Atma Singh Gill
5. Shri Abdul Mannan Hossain
7. Shri Baliram Kashyap
8. Shri Avinash Rai Khanna
9. Shri W. Wangyuh Konyak
9. Shri Parsuram Majhi
10. Shri Sadashivrao Dadoba Mandlik
11. Shri Harikewal Prasad
12. Shri Munshi Ram
13. Shri Daroga Prasad Saroj
14. Adv. P. Satheedevi
15. Shri Chandrabhan Singh
16. Shri Ramakant Yadav
17. Smt. V. Radhika Selvi
18. Vacant
19. Vacant
20. Vacant
21. Vacant

RAJYA SABHA

22. Shri T.S. Bajwa
23. Smt. Mohsina Kidwai
24. Shri Shantaram Laxman Naik
25. Shri Thanga Tamil Selvan
26. Shri Kanjibhai Patel
27. Shri Rajniti Prasad
28. Shri Nabam Rebia
29. Shri Matilal Sarkar
30. Shri Ram Narayan Sahu
31. Vacant

SECRETARIAT

1.	Dr. (Smt.) Paramjit Kaur Sandhu	-	Additional Secretary
2.	Shri P.K. Bhandari	-	Joint Secretary
3.	Shri R.S. Kambo	-	Deputy Secretary
4.	Shri B.S. Dahiya	-	Under Secretary
5.	Shri Jagdish Prasad	-	Assistant Director

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2006-2007) having been authorised by the Committee to submit the Report on their behalf, present this Sixteenth Report on Action Taken by the Government on the recommendations/observations contained in the 13th Report of the Committee (14th Lok Sabha) on "Demands for Grants (2006-2007)" of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The 13th Report was presented to Lok Sabha and laid in Rajya Sabha on 22nd May, 2006. The Government have furnished their replies indicating Action Taken on the recommendations contained in the Report on 18th August, 2006. The Report was considered and adopted by the Committee at their sitting held on 17th November, 2006.

3. An analysis of the action taken by the Government on Recommendations/observations contained in the Report is given in Appendix- II.

New Delhi ***DEVENDRA PRASAD YADAV***

20 November, 2006 **Chairman**

29 Agrahayana, 1928 (Saka) **Standing Committee on Food, Consumer Affairs and Public Distribution**

CHAPTER -I

REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the Action Taken by the Government on the Observations/Recommendations contained in the Thirteenth Report (14th Lok Sabha) on "Demands for Grants (2006-2007)" pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

1.2 The Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 22nd May, 2006. It contained 15 recommendations/observations. Action Taken Notes in respect of all the 15 observations/recommendations contained in the Report have been received and these have been categorized as follows:-

(i) Recommendations/observations which have been accepted by the Government :

Serial Nos.- 1, 4, 5, 6, 10, 11, 12, 15
(Paragraph Nos. – 2.5, 3.15, 3.16, 3.21, 4.9, 4.10, 4.11 and 6.7)

(Chapter –II , Total 8)

(ii) Recommendations/observations which the Committee do not desire to pursue in view of the replies received from the Government

Serial Nos.3, 7, 13
(Paragraph Nos- 3.14, 3.25 and 5.4)

(Chapter –III , Total 3)

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Serial Nos. 2, 9.
(Paragraph Nos. –3.7 and 3.40)

(Chapter – IV, Total 2)

(iv) Recommendations/observations in respect of which the interim replies of the Government have been received.
Serial No. 8, 14
(Paragraph No. – 3.33 and 5.5)

(Chapter – V, Total 2)

1.3 The Committee desire that the final replies in respect of the Observations/Recommendations for which only interim replies have been received from the Government be furnished to the Committee expeditiously.

1.4 The Committee strongly emphasize that utmost importance should be given to the implementation of Observations/Recommendations accepted by the Government. In case where it is not possible for the Government to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

1.5 The Committee will now deal with action taken by the Government on some of the recommendations.

A. Consumer Awareness

Recommendation (Serial No.2 Paragraph 3.7)

1.6 The Committee noted that although the Ministry had taken a number of steps to spread awareness programme at grass root level, the people living in remote and backward areas are still deprived of their rights as a consumer due to inadequate publicity. The Committe had, therefore, recommended that the Department of Consumer Affairs should make all out efforts to educate the people of remote and backward areas about their consumer rights through Village Haats, Cattle Fairs and Village Fairs.

1.7 The Government in their Action Taken Replies have stated that publicity material such as posters, folders CDs containing consumer related information have been provided to State Governments for distribution by the district administration through Panchayats to take across the messages at the grass root level. Additionally, to ensure active and effective participation of State Governments in creating consumer awareness in rural and backward areas, a scheme has been prepared to provide financial assistance to the States/UTs to carry out activities such as display and dissemination of relevant publicity material during local festivals, organizing nataks in local languages, associating folk artists to drive home messages on consumer rights; development of audio cassettes of folk songs and their distribution amongst rural masses; organizing exhibitions in the local fairs on specific issues identified by State Government as being relevant to particular area etc. Besides this, in the Media Plan for 2006-07 to create consumer awareness, cultural activities through Song & Drama Division of the Ministry of Information & Broadcasting in rural remote areas have also been incorporated and action is being taken to organize programmes in village Haats and fairs.

1.8 The Committee while acknowledging the efforts of the Ministry regarding publicity of consumer awareness still feel that enough has not been done in this matter and a lot more is required to be done. The Committee are of the view that the awareness of consumers living in rural and backward areas is still very less. The Committee feel that illiterate and semi-literate consumers should be the main targets of publicity. The awareness programmes should be prepared keeping this section of consumers in mind so that they can derive maximum benefit from the various provisions of the Act. The Committee feel that for this the aid of local print and audio visual media should also be sought. Also the local NGOs and VCOs be involved in the awareness programmes at the grass root level to educate the consumers personally. The Committee further note that a scheme has been prepared for providing financial assistance to the States / UTs to carry out activities for spread of consumer awareness in far-flung, rural and backward areas. The Committee would like to be apprised at the earliest possible time of the financial assistance given to each State / UT thereunder and the actual utilization thereof for spreading consumer awareness in rural and backward areas of the country.

B. Infrastructure of Consumer Fora

Recommendation (Serial No.4, Paragraph 3.15)

1.9 The Committee took note of the fact that inspite of one time financial assistance to the States/UTs, for strengthening the infrastructure of Consumer Fora not much improvement is seen in terms of disposal of cases. The Committee had, therefore, desired that the Central Government should prevail upon each State Government to (a) provide need based financial assistance for Consumer Fora (b) separate Department, separate Head and separate Budget for Consumer Affairs in each State/UT, for promoting the interest of consumers.

1.10 The Government in their Action Taken Replies have stated that the Department of Consumer Affairs has been taking up the matter regarding providing financial assistance to the States/UTs for strengthening the infrastructure of Consumer Fora with the States/UTs at the highest level from time to time. The Recommendations of the Standing Committee have also been circulated to all the States/UTs vide D.O. letter dated 13.6.2006 from Secretary, Consumer Affairs addressed to the Chief Secretaries requesting them to ensure that concrete action is taken urgently by the State Government especially in respect of provision of adequate infrastructure, supporting staff, accommodation and requisite financial support to the Consumer Fora of the State so as to facilitate quicker disposal of cases meeting the time norm. All State/UT Governments were requested to: (a) provide need based financial assistance for Consumer Fora and (b) have a separate Department, separate Head & separate Budget for Consumer Affairs in each State/UT, for promoting the interests of consumers.

1.11 The Committee note that though the Ministry has circulated the recommendations of the Committee to all State Governments for providing adequate infrastructure but the implementation thereof is still very dismal. The Committee feel that in absence of adequate infrastructure, the Consumer Fora will not be able to do justice to the job they have been entrusted with. The Committee desire that for this the Government should follow up with each State Government by seeking periodical reports on the matter of providing need based financial assistance for Consumer Fora and having a separate department and budget for consumer affairs in each State. The Committee would also like to be apprised of the response of the State Governments to the communication of the Central Government.

C. Disposal of Consumer Grievances through Lok Adalats

Recommendation (Serial No. 6, Paragraph No. 3.21)

1.12 The Committee while regretting to note that despite the instructions issued by the President, National Commission to adjudicate the consumers grievances through Lok Adalats, only five States started Lok Adalats, had recommended that the Ministry should prevail upon the remaining States / UTs to adopt the concept of Lok Adalats so that the burden on the Consumer Courts / For a is lessened and the inexpensive justice is delivered to the consumers expeditiously.

1.13 The Ministry in their Action Taken Notes stated that the Department of Consumer Affairs as well as National Consumer Disputes Redressal Commission (NCDRC) have been repeatedly taking up the matter regarding holding of "Lok Adalats" by Consumer Fora in the States/UTs through letters as well as during all meetings held with State Governments/Presidents, State Commissions, etc. Several States had already started holding Lok Adalats in response to the same. The recommendations of the Standing Committee have also been circulated to all the States/UTs vide D.O. Letter dated 13.6.2006 from Secretary, Consumer Affairs addressed to the Chief Secretaries requesting them to consider adoption of Alternate Dispute Redressal (ADR) methods including the Lok Adalats so that the burden of the Consumer Fora is lessened and inexpensive justice is delivered to the consumers expeditiously. As per latest information made available by NCDRC, so far 9 States/UTs namely, Bihar, Chandigarh, Chhattisgarh, Haryana, Maharashtra, Orissa, Punjab, Rajasthan & Tripura have successfully settled pending consumer grievances through the Lok Adalat method, disposing off a total of 152 cases in State Commissions and 3422 cases in District Fora.

1.14 The Committee note that the Ministry has been repeatedly taking up the matter with the State Governments / State Commissions for adopting the mechanism of Lok Adalats etc and only nine States have done so. The Committee emphasize the need for expeditious delivery of inexpensive justice to the consumers. The Committee reiterate their earlier recommendation and desire that the remaining States / UTs be persuaded to adopt the system of disposal of grievances through Lok Adalats.

D. Defaulting NGOs / VCOs

Recommendation (Serial No.9, Paragraph No. 3.40)

1.15 Taking strong objection to the fact of non-submission of Utilization Certificates in respect of Rs.47,17,300 released to 85 NGOs/VCOs 4-5 years back from Consumer Welfare Fund, the Committee had recommended that concerted efforts should be made to recover the while amount released to theses NGOs/VCOs at the earliest. The matter should be taken at the highest level in persuading the State Government/UTs to trace out the whereabouts of the NGOs/VCOs. The Committee also desired that such NGOs from whom the Utilization Certificate are not received within the 12 months from the date of release of funds should be blacklisted and their names may be displayed on the website of the Department. Also, the matter be got examined in consultation with the Central Vigilance Commission (CVC) to ensure accountability of such NGOs/VCOs.

1.16 The Government in their Action Taken Replies have stated that efforts to obtain utilization certificates from defaulting organizations are on. We have taken up the matter with the concerned state governments. As advised by the committee, advice of CVC has been sought in the matter. A list of defaulting organizations has been posted on the website of the Department. No fresh proposal of any defaulting NGO is considered by the Department till the necessary utilization certificates are submitted.

1.17 The Committee feel that the matter of non-receipt of utilization certificates in respect of Rs. 47,17,300/- released to 85 NGOs / VCOs 4-5 years back is a serious one. The Committee feel that the matter should be given utmost priority as it involves Government money. The Committee wants that all out efforts should be made to trace such NGOs/ VCOs and if need be the guilty be fined or punished so that no one dares to siphon off Government money in future. The Committee also desire that in future the antecedents of NGOs/VCOs be verified before disbursing funds. They would also like to be apprised of the action taken in the matter on the basis of advice given by CVC.

E. Evaluating impact of future trading

Recommendation (Serial No.15, Paragraph No. 6.7)

1.18 The Committee had been apprised that a study on impact of trading in commodities like wheat, sugar, pulses etc. is going to be conducted by FMC. The Committee had recommended that it be apprised of the action taken in the matter.

1.19 The Government in their reply have stated that FMC has already instructed the National Multi Commodity Exchanges – NCDEX, MCX and NMCE to set up/install terminals, at Sub-District/Block levels, in various parts of the country. The process of assigning consultancies to evaluate the impact of futures trading in certain major commodities like wheat, sugar, pulses, cereals and the other commodities in the rural parts of India has been initiated by FMC. In this connection, discussions with reputed institutes such as IIM, Ahmedabad, IIT, Mumbai, IRMA, Anand and ISI Delhi are underway.

1.20 The Committee note that Government propose to engage reputed institutions for assessing / evaluating the impact of future trading in certain major commodities like wheat, sugar, pulses, cereals and other commodities in rural parts of the country. The Committee would like to be apprised of the evaluation made by these institutions and the follow-up action taken by the Government thereon.

CHAPTER II

RECOMMENDATIONS / OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No.1, Paragraph 2.5)

2.1 The Committee are happy to note that the Department of Consumer Affairs has been able to reach the level of utilization of funds up to 98.8%. Out of Rs. 90.00 crore, the Ministry have utilized Rs. 88.36 crore which reflect a better planning of the utilization of the Funds allocated to the Department. The Committee hope that the Ministry would streamline the efforts and achieve the 100% utilization of funds in the coming years. At the same time, the Committee express its dissatisfaction over the tendency of utilization of funds at the fag end of the financial year and the reasons given by the Ministry for the same are not acceptable to the Committee. In the opinion of the Committee, the Ministry should make advance exercise to clear the proposals submitted by the implementing agencies and finalize the modalities of the scheme/ programmes so that the approval does not get delayed. The Committee strongly feel that there is an urgent need to curb the tendency of implementing agencies to clear huge bills for reimbursement towards the fag end of the financial year where the clearance of bills without proper scrutiny cannot be ruled out. The Committee hope and trust that the Ministry would make sincere efforts to avoid the release of funds in the last week of the financial year and plan to utilize the funds equally in any quarter of the year.

Reply of the Government

2.2 The Department of Consumer Affairs is grateful to the Hon'ble Committee for their encouraging words regarding the overall funds utilization. Plan budget provision in respect of the Department of Consumer Affairs was increased from Rs. 18.25 crore in 2004-05 to Rs. 107.94 crore in BE 2005-06 which was subsequently revised to Rs. 90 crore in RE 2005-06. As against a provision of Rs. 90.00 crore funds to the extent of Rs. 88.36 crore have been utilized by 31.03.2006. The major portion of the expenditure is on account of Advertisement and Publicity, through DAVP on the basis of authorization for which the utilization of funds' certificate is to be obtained from DAVP. The expenditure against funds authorized is booked in the last quarter of the financial year though the expenditure is spread over the entire year.

2.3 Since the plan allocation of the Department was raised to Rs. 107.94 crore in BE 2005-06, which is more than the original 10th Five Year Plan outlay of the Department, procedural requirements, such as the approvals of the competent authorities, had to be fulfilled due to the enhanced allocation. This was a time consuming process delaying the implementation of schemes.

2.4 The observations of the Standing Committee have been noted for strict compliance in future. In order to ensure even distribution of Plan expenditure, the progress of expenditure is being monitored at the level of Secretary (CA) on a monthly basis.

(Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
OM No. G-11027/3/2006-P&C dated 18th August, 2006)

Recommendation (Serial No.4, Paragraph 3.15)

2.5 The Committee are perturbed to note that inspite of one time financial assistance to the States/UTs, for strengthening the infrastructure of Consumer Fora not much improvement is seen in terms of disposal of cases. Taking into consideration that it is the responsibility of a given State/UT to provide the Consumer Fora with requisite infrastructure, manpower and funds, for their efficient functioning, the Central Government should prevail upon each State Government to (a) provide need based financial assistance for Consumer Fora (b) separate Department, separate Head and separate Budget for Consumer Affairs in each State/UT, for promoting the interest of consumers. The Committee would like to be apprised of the action taken by the Government in this regard.

Reply of the Government

2.6 The Department of Consumer Affairs has been taking up the matter regarding providing financial assistance to the States/UTs for strengthening the infrastructure of Consumer Fora with the States/UTs at the highest level from time to time. The Recommendations of the Standing Committee have also been circulated to all the States/UTs vide D.O. letter dated 13.6.2006 from Secretary, Consumer Affairs addressed to the Chief Secretaries requesting them to ensure that concrete action is taken urgently by the State Government especially in respect of provision of adequate infrastructure, supporting staff, accommodation and requisite financial support to the Consumer Fora of the State so as to facilitate quicker disposal of cases meeting the time norm. All State/UT Governments were requested to: (a) provide need based financial assistance for Consumer Fora and (b) have a separate Department, separate Head & separate Budget for Consumer Affairs in each State/UT, for promoting the interests of consumers.

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(Department of Consumer Affairs)
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Recommendation (Serial No.5, Paragraph 3.16)

2.7 The Committee note that according to the Planning Commission, only 5% to 8% cases could be resolved by Consumer Courts/Fora within 90 days which in the opinion of the Committee is indicative of poor monitoring mechanism on the part of the Ministry.

The plea of the Government that many District Fora remain non functional as they are within the purview of the State Government is not convincing to the Committee. The Committee is of the view that the Central Government is equally responsible for ensuring that the funds released by them are properly utilized for the purpose for which they are sanctioned and should monitor the working through concerned State Governments. The Committee, therefore, recommend that the Ministry should make sincere efforts for strengthening the institutional mechanism at District and State levels so that the District Fora and State Commission are functional and the cases filed in Consumer Courts/Consumer Fora are disposed off within the prescribed period.

Reply of the Government

2.8 The Central Government has from time to time been taking up the matter with the States/UTs even at highest level regarding utilization of grants released to them, also suggesting the ways to ensure that the Consumer Fora remain functional. Though it is the responsibility of the States/UTs to provide infrastructure to the Consumer Fora, the Government had released a sum of Rs. 61.80 crores during 1995-99 to supplement the efforts of States/UTs for strengthening infrastructure of the Consumer Fora. A further sum of Rs. 10.20 crores was released in 2004-05 to the newly created fora subsequent to the earlier grant only to those States who had by then utilized the earlier grant. In spite of repeated reminders by the Department, many States/UTs could not utilize fully the one time grant released to them and requested for further extension of time for utilizing the grant and sending Utilization Certificate. Accordingly they have been granted extension of time up to 30.9.2006 for the same. It has been made clear to them that the States/UTs who fail to utilize the funds released during 1995-99 by 30.9.2006 shall not be eligible for further grants under 'Integrated Project on Consumer Protection' which is under finalization in the Department. Under this scheme, the benchmark for infrastructure in State Commissions and District Fora is being finalized, based on which financial assistance would be extended to States/UTs to meet the gaps in infrastructure in the Consumer Fora to make them fully functional. A project for computerization and networking of all consumer courts has also been taken up through the National Informatics Centre. The total cost of the project is Rs. 48.64 crores. The project on completion will ensure transparency, simplify procedure as well as facilitate quicker disposal of cases and a closer monitoring. It may, therefore, be appreciated that the Central Government has been all along making sincere efforts to strengthen the infrastructure of the Consumer Fora in the Country. States are also repeatedly being advised to ensure that all the District Fora as well as State Commission remain functional all the time and cases filed are disposed off within the prescribed period.

(Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
OM No. G-11027/3/2006-P&C dated 18th August, 2006)

Recommendation (Serial No.6, Paragraph 3.21)

2.9 The Committee are happy to note that holding of "Lok Adalats" by Consumer Fora has given consumers another Forum to seek redressal of their grievances. The Consumer Protection Act does not mandate the Consumer Fora to organize "Lok Adalats". However, to reduce pendency in Consumer Courts, an out of Court settlement through Lok Adalats, is a powerful medium to resolve Consumers grievances. The Committee, however, regret to note that despite the instructions issued by the President of National Commission to adjudicate the consumer grievances through Lok Adalat, only five States namely, Punjab, Haryana, Chandigarh, Karanataka and Maharashtra have started the Lok Adalats. In the opinion of the Committee, the concept of Lok Adalat is a very convenient option for the consumers to seek redressal of their grievances, which is evident from the number of cases settled by the State Commission and District Fora through Lok Adalats during 2005-06. The Committee, therefore, recommend that the Ministry should prevail upon the remaining States/UTs to adopt the concept of Lok Adalats so that the burden on the Consumer Courts/Fora is lessened and the inexpensive justice is delivered to the consumers expeditiously.

Reply of the Government

2.10 The Department of Consumer Affairs as well as National Consumer Disputes Redressal Commission (NCDRC) have been repeatedly taking up the matter regarding holding of "Lok Adalats" by Consumer Fora in the States/UTs through letters as well as during all meetings held with State Governments/Presidents, State Commissions, etc. Several States had already started holding Lok Adalats in response to the same. The recommendations of the Standing Committee have also been circulated to all the States/UTs vide D.O. Letter dated 13.6.2006 from Secretary, Consumer Affairs addressed to the Chief Secretaries requesting them to consider adoption of Alternate Dispute Redressal (ADR) methods including the Lok Adalats so that the burden of the Consumer Fora is lessened and inexpensive justice is delivered to the consumers expeditiously. As per latest information made available by NCDRC, so far 9 States/UTs namely, Bihar, Chandigarh, Chhattisgarh, Haryana, Maharashtra, Orissa, Punjab, Rajasthan & Tripura have successfully settled pending consumer grievances through the Lok Adalat method, disposing off a total of 152 cases in State Commissions and 3422 cases in District Fora.

(Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
OM No. G-11027/3/2006-P&C dated 18th August, 2006)

Recommendation (Serial No.10, Paragraph 4.9)

2.11 The Committee note that the prosecution cases filed under the BIS Act for misuse of BIS Standards are far from satisfactory. During 2003-04 (134), 2004-05 (133), 2005-06 (47) cases have been filed. In the opinion of the Committee, there is a slackness on the part of the enforcement machinery of the BIS. In this context, the Committee desire that the enforcement department of BIS should be activated and adequate number of

officers appointed in the regions and branch offices of BIS to conduct surprise visits/ raids so as to prevent the misuse of ISI mark. There is also a need to step up market surveillance, visits to exhibitions, interaction with industry and trade associations, feedback from BIS licensees and other sources. This will go a long way in protecting the interest of consumers.

Reply of the Government

2.12 During 2005-06 out of the 241 raids carried out, prosecution cases against 128 offenders have already been filed in various courts in the country as per the information available on 15 June 2006. Continuous follow up is maintained with RO/BOs for expediting collection of evidence and early filing of remaining cases by them.

2.13 To strengthen enforcement activity, two outside agencies have been engaged for providing intelligence and assisting in carrying out raids against the offending parties for an initial period of one year for the following locations in the country:

Name of the agency	**Location**
1. M/s Knight Watch Security Ltd, New Delhi	NCR & Chennai
2. M/s Tact India Pvt Ltd, New Delhi	Mumbai, Kolkata, Bangalore, Hyderabad, Ahmedabad & Jaipur

2.14 The target for the year 2006-07 has also been stepped up to 350 enforcement raids as against the target of 250 raids fixed for 2005-06.The concerned Branch Offices have already been directed to conduct immediate raids after information is provided by the above agencies. An officer of the rank of Joint Director has been posted in Enforcement Department for coordination and constant follow up with Regional/Branch Offices of BIS.

2.15 Wide publicity is given through print and electronic media about the raids conducted for awareness of the public at large where public is requested for providing information of misuse of BIS Standard Mark as and when they notice the same.

2.16 A regular review of status of pending cases is taken up with all Regional Offices through video conferencing. ROs/BOs are regularly advised to gather information of any misuse through market surveys, visiting exhibitions, through interaction with industries and trade associations and other sources for initiating needed action as per the provisions of Enforcement Manual. Consumer awareness programmes are also held by all the Branches as per targets fixed and the activity is adequately covered and relevant pamphlets/booklets are also distributed.

(Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
OM No. G-11027/3/2006-P&C dated 18th August, 2006)

Recommendation (Serial No. 11, Paragraph 4.10)

2.17 The Committee note that Hallmarking Scheme was formally launched by BIS in April 2000 on voluntary basis. During 2001-02, BIS conducted survey in 8 major cities namely, Delhi, Mumbai, Chennai, Hyderabad, Jaipur, Bangalore, Ahmedabad and Kolkata to find out the actual position with regard to purity of gold jewellery. It was found that 88% samples failed against the purity declared with shortage of purity as wide as 36%. The Committee further note that no survey has been conducted in semi-urban and rural areas to ascertain the purity of gold. The Committee have been informed that the Ministry has planned to conduct surveys in another 16 major cities of the country. The Committee are of the opinion that the surveys should not be centralized to the urban cities only but it should cover the semi-urban and rural areas where the chances of cheating by jewelers are more. For this, the facility of Assaying and Hallmarking centres may be provided in the remote and backward areas so that the consumers may get facilities of testing the quality of gold purchased by them and are not subject to cheating by unscrupulous traders/ jewelers**.**

Reply of the Government

2.18 A survey on purity of gold is being conducted in following 16 cities in 2006:

'Pune, Vadodara, Thiruvananthapuram, Madurai, Bhubaneswar, Ranchi, Kanpur, Ludhiana, Indore, Meerut, Jaipur, Jodhpur, Chandigarh, Jammu, Gurgaon & Delhi.'

2.19 Under BIS Hallmarking Scheme, 37 Gold Assaying & Hallmarking Centres have been recognized. All the centres except one by MMTC Ltd. have come up in the private sector. In order to encourage the entrepreneurs, a scheme of setting up of Assaying and Hallmarking centres for gold jewellery in 35 select districts on a pilot basis with central assistance approved by Govt. is being implemented by BIS during 2005-06 and 2006-07 with total financial outlay of Rs.5.75 crores. Under the scheme selected applicants would be given one time financial assistance @ 15% of cost of machinery & equipment subject to maximum of Rs. 15 lakhs per centre.

2.20 As indicated above, 37 centres have already come up in 16 districts in private sector. However, 35 centres will be set up with the financial incentive from the Central Govt. as mentioned above under the Scheme of setting up of Assaying and Hallmarking centres for gold jewellery on pilot basis. Scope of the scheme will be reviewed at the end of pilot phase 2005-2007.

2.21 It is also relevant to mention that all BIS-recognised assaying centres have been mandated to test jewellery items brought by individual consumers and to appear in court to authenticate the test reports issued by them in case the consumers file complaints in the consumer fora on the basis of the test reports.

(Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
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Recommendation (Serial No.12, Paragraph 4.11)

2.22 The Committee also desire that quality hall marked jewellery may also be sample test checked to ensure that these 37 centres are working within the parameters of the licenses issued to them and the people can take their certification on face value.

Reply of the Government

2.23 The 37 Assaying and Hallmarking centres have been recognized by BIS as per laid down criteria for recognition.

2.24 To ensure that the recognized centres are working within the parameters of recognition granted to them and the results are genuine, regular surveillance audits of the recognized centres are carried out to monitor implementation of the criteria by the centres.

2.25 Hallmarked Jewellery samples are also drawn from different licensee jewelers of BIS and got tested to check conformance as per marked fineness. The centres have also been directed to test the jewellery brought by common consumer and issue test reports.

(Ministry of Consumer Affairs, Food and Public Distribution
(Department of Consumer Affairs)
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Recommendation (Serial No.15, Paragraph No. 6.7)

2.26 The Committee note that recently there was a sudden rise in the prices of wheat, rice, sugar, pulses and edible oils in the market but the farmers are neither getting the benefit of such price rise and nor futures trading benefited them. The Committee are of the view that there is no Government control on the price of such commodities. The Committee have been informed that many farmers now in States like Punjab and Haryana are holding back their products due to which there was less arrival of foodgranis in the Mandi. The Committee are of the opinion that futures/forward trading has not assisted the farmers in releasing remunerative price of agricultural produce. In fact, the speculative tendency of a Commodity Market, has hit the consumers most to the advantage to unscrupulous traders/middlemen. As such, the advantage of operating futures/forward markets benefits have been reaped by middlemen/traders instead of farmers. A futures market should serve the purpose of stabilization of prices in commodities which are susceptible to season to season and year to year variations based on supply and demand. Futures trading enables the various trading interests to shift the risk involved in such activities arising out of adverse price fluctuations through hedging to those who are willing to assume it in the hope of making some profit in future. In the absence of such hedging facilities, traders and manufacturers would attempt to cover their risks by charging a higher price to the consumers or paying a lower price to the producers. During evidence, the Chairman, FMC deposed that they

were going to study the impact of trading in certain major commodities like wheat, sugar, pulses and a few other commodities, which have impact in the rural parts of India. The Committee, therefore, recommends that the Government should conduct the study on the impact of futures/forward trading in certain major commodities like wheat, sugar, pulses in various parts of the country. At the same time, the Committee desire that FMC should instruct Commodity Exchanges like NCDEX, MCX and others to set up/install terminals, at Sub-District/Block levels, in various part of the country. The Committee would like to be apprised of the action taken in the matter.

Reply of the Government

2.27 A pilot project for installing ticker boards at Talukas and APMCs (mandis) has already been initiated in Gujarat in association with 'national level' Exchanges, Government of Gujarat and Forward Markets Commission. The project is aimed at disseminating prices traded at the 'national level' Exchanges which would improve the bargaining power of the farmers who sell their produce at the APMCs and to reduce the role of middlemen. Some of these centers are Gandhi Nagar, Palanpur, Himatnagar, Dhanera, Visanagar, Unjah, Sarkahej, Sayajipura, Baroda, Deesa, Dhokla, Bavla, Sanand, Harij, Patan, Mehsana and Sidhpur. It is also proposed to replicate the project in other States.

2.28 FMC has already instructed the National Multi Commodity Exchanges – NCDEX, MCX and NMCE to set up/install terminals, at Sub-District/Block levels, in various parts of the country. The process of assigning consultancies to evaluate the impact of futures trading in certain major commodities like wheat, sugar, pulses, cereals and the other commodities in the rural parts of India has been initiated by FMC. In this connection, discussions with reputed institutes such as IIM, Ahmedabad, IIT, Mumbai, IRMA, Anand and ISI Delhi are underway.

2.29 As regards the observation of the Committee that commodities futures trading has benefitted neither the farmer nor the consumer, it is submitted that media and other reports have indicated that rise in wheat prices had benefitted the farmers for the first time. No farmers' body has opposed the commodities futures trading. So far, mainly traders associations have been criticizing futures trading for being responsible for rise in prices of some commodities. The commodities futures market is subject to regulatory frame work consisting of the bye-laws of the exchanges, guidelines laid down by FMC as the market regulator and Department of Consumer Affairs which implements the provisions of FCRA, 1952. If any specific allegation of market manipulation is made, the exchange or the FMC shall take prompt action as per the provisions of the said Act. It would also help in the proposed amendments to the said Act, to make its provisions up-dated and relevant to present day requirements and to make FMC as an autonomous regulator in line with SEBI is passed expeditiously.

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CHAPTER III

RECOMMENDATIONS / OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Serial No.3, Paragraph 3.14)

3.1 The Committee note with concern that the funds allocation in 2005-06 for strengthening the Consumer Courts/Fora could not be utilized by the Department of Consumer Affairs due to non approval of the scheme namely, "Integrated Project on Consumer Protection" by the Ministry of Finance. The Planning Commission has allocated Rs. 37.40 crore for 2006-07. The Committee recommend that the Ministry should take up the matter at the highest level to expedite the approval of the scheme by the Ministry of Finance and ensure that the entire fund is meaningfully utilized for strengthening the State Commission and District Fora.

Reply of the Government

3.2 The Scheme 'Integrated Project on Consumer Protection', inter-alia, envisages extending financial assistance to States/UTs in order to meet the gap in the minimum infrastructural facilities required by the Consumer Fora so as to make them fully functional. The Planning Commission has provided Rs. 46.00 crores for the Scheme in the BE 2006-07 (i.e. Rs. 37.40 crores for States, Rs. 4.00 crores for UTs and Rs. 4.60 crores for North-Eastern States). The Ministry of Finance has since approved the Scheme in June, 2006, subject to certain conditions. The benchmark for infrastructural requirements for District Forum & State Commission has been finalized based on which financial assistance would be extended to States/UTs to meet the gaps in infrastructure thereby ensuring that the funds are utilized properly.

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Recommendation (Serial No.7, Paragraph 3.25)

3.3 The Committee are surprised to note that out of Rs. 11 crore allocated for construction of NCDRC building called "Upbhokta Nyaya Bhavan", Rs. 6 crore was earmarked in 2005-06 but the construction work could not be started by CPWD due to delay in getting clearance from MCD. The Committee have been informed that the office space available is too inadequate for smooth functioning of the NCDRC. The Committee, therefore, desire that the Department of Consumer Affairs may take up the matter with the Ministry of Urban Development at highest level for early clearance of drawings of the building by MCD so that the funds allocated for the purpose is utilized in the financial year itself and the work of the construction of the building is completed. The Committee suggest that while entering into any agreement with CPWD, a specific penalty clause be

inserted in it for non-performance of the contract by either clause so that the project can be completed in a time bound manner.

Reply of the Government

3.4 The Department of Consumer Affairs has been taking up the matter regarding early construction of building for NCDRC with the Ministry of Urban Development at the highest level from time to time. It may be added here that after getting the recommendations of the Standing Committee, the matter was again taken up with the Ministry of Urban Development at Secretary level on 13.06.2006 for early clearance for construction drawings of the building so that the funds allocated for the purpose for the current financial year is utilized in this financial year itself and the work of construction of the building can be completed as per schedule. Inviting attention to concern of the Parliamentary Standing Committee, the Ministry of Urban Development has also taken up the matter on 26.6.2006 with Municipal Corporation of Delhi for early clearance of construction drawings of the building requesting them to intimate action taken in compliance of the recommendations of the Standing Committee, at the earliest. This Department would also continue to follow up with the Ministry of Urban Development in the matter.

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Recommendation (Serial No 13. Paragraph-5.4)

3.5 The Committee note that the Planning Commission had allocated Rs.25 Crore to National Test House for entire Tenth Five Year Plan (2006-07) but the Ministry could utilize only Rs.14.27 Crore up to 15th March, 2006. The reasons for less utilization of funds are stated to be (i) Delay in procurement of machinery and equipment (ii) Non-utilization of funds by CPWD (iii) Non-approval of proposal for merger of NTH-BIS (iv) Non filling the post of Director General, NTH (v) Reduction in allocation by the Planning Commission. The Committee feel that the non- utilization of entire funds reflects the poor planning on the part of the Department. Now that a regular Director General has been appointed in the National Test House, the Committee hope that the organizational problem of the NTH will be resolved and the Ministry will be able to utilize the entire funds within the plan period.

Reply of the Government

3.6 An amount of Rs.16.26 Crore has been utilized by NTH during the last four years of the Tenth Five Year Plan, i.e. up to 31st March, 2006. Hence, the balance amount of Rs.8.74 Crore was projected in the Budget proposal for the concluding year (2006-07) of the Tenth Plan Period against which the Budget allocation received during 2006-07 was Rs.6.50 Crore. The allocation of Rs.6.50 Crore is expected to be fully utilized by NTH during 2006-07.

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CHAPTER IV

RECOMMENDATIONS / OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEDPTED BY THE COMMITTEE

Recommendation (Serial No.2 Paragraph 3.7)

4.1 The Committee note that the Consumer awareness varies from state to state depending upon the level of literacy and social awareness of the people. Although the Ministry has taken a number of steps to spread awareness programme at grass root level through publicity material such as posters, magazines, compact discs (CD) at District Level, the people living in remote and backward areas are still deprived of their rights due to inadequate publicity. The Committee are of the view that traditionally Village Fairs, Cattle Fairs and Village Haats are organized by the people at a fixed interval where a large number of people gather. The Committee desire that the Ministry in coordination with the State Government/UT Administration may participate in such Haats and have interaction with the local people about their consumer rights. The Secretary, Department of Consumer Affairs has also accepted during evidence that the publicity through Village Fair/Village Haat was in their media plan and they will operationalize it. The Committee, therefore, recommend that the Department of Consumer Affairs should make all out efforts to educate the people of remote and backward areas about their consumer rights through these Village Haats, Cattle Fairs and Village Fairs. The Committee would like to be apprised of the action in the matter.

Reply of the Government

4.2 Publicity material such as posters, folders CDs containing consumer related information have been provided to State Governments for distribution by the district administration through Panchayats to take across the messages at the grass root level. Additionally, to ensure active and effective participation of State Governments in creating consumer awareness in rural and backward areas, a scheme has been prepared to provide financial assistance to the States/UTs to carry out activities such as display and dissemination of relevant publicity material during local festivals, organizing nataks in local languages, associating folk artists to drive home messages on consumer rights; development of audio cassettes of folk songs and their distribution amongst rural masses; organizing exhibitions in the local fairs on specific issues identified by State Government as being relevant to particular area etc. Besides this, in the Media Plan for 2006-07 to create consumer awareness, cultural activities through Song & Drama Division of the Ministry of Information & Broadcasting in rural remote areas have also been incorporated and action is being taken to organize programmes in village Haats and fairs.

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Recommendation (Serial No.9, Paragraph No. 3.40)

4.3 The Committee note with concern the Utilization Certificates in respect of Rs.47,17,300 released to 85 NGOs/VCOs released 4-5 years back from Consumer Welfare Fund have not yet been received which reflects the poor performance and monitoring over the scheme by the Department of Consumer Affairs. While viewing the situation with great concern, the Committee strongly recommend that concerted efforts should be made to recover the while amount released to theses NGOs/VCOs at the earliest and appropriate legal action should be taken against them. For this, the matter should be taken at the highest level in persuading the State Government/UTs to trace out the whereabouts of the NGOs/VCOs. The Committee also desire that the Ministry should blacklist such NGOs from whom the Utilization Certificate are not received within the 12 months from the date of release of funds and their names may be displayed on the website of the Department so that they may not get any grant under the schemes being implemented by the other Ministry/Department. The matter should be got examined in consultation with the Central Vigilance Commission (CVC) as to how the accountability of such NGOs/VCOs can be ensured.

Reply of the Government

4.4 Efforts to obtain utilization certificates from defaulting organizations are on. We have taken up the matter with the concerned state governments. As advised by the committee, advice of CVC has been sought in the matter. A list of defaulting organizations has been posted on the website of the Department. No fresh proposal of any defaulting NGO is considered by the Department till the necessary utilization certificates are submitted.

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CHAPTER V

RECOMMENDATIONS / OBSERVATIONS IN RESPECT OF WHICH REPLIES TO THE GOVERNMENT ARE STILL AWAITED

Recommendation (Serial No.8, Paragraph No. 3.33)

5.1 The committee note that consequent upon the Special Leave Petition (SLP) filed by the Super Bazar Dalit Karamchari Sangh, Hon'ble Supreme court has constituted a Committee consisting of (i) Central Registrar, Cooperative Societies (ii) Economic Adviser, department of Consumer Affairs; and (iii) Official Liquidator, Cooperative Stores, Super Bazar, Delhi to explore the possibilities for revival of Super Bazar. The Committee constituted by the Supreme Court has recommended for revival of Super Bazar. The Committee are of the view that unless and until the guidelines framed by the Official Committee are strongly adhered to, the proposal of revival of Super Bazar would be futile exercise. The Committee, therefore, recommends that before handing over the management of Super Bazar to a Group or Society, it must be kept in mind that it has adequate infrastructure, experience and financial capacity to run the business. Also, the Government may strengthen its monitoring mechanism over the functioning of the Super Bazar so that it does not re-lapse to losses. It should be ensured that there is due financial accountability on the part of the future management and employees of the Super Bazar. They should be given a time frame during which the program must be made self-sustaining failing which it should be closed down.

Reply of the Government

The Supreme Court of India on 5.5.2006 directed the Committee constituted by it to issue an advertisement in two National dailies for inviting bids to start Super Bazar afresh. The Court also fixed criteria for evaluating the bids as follows:

1. The financial capacity of the bidder to run the Super Bazar having regard to the investment involved and the existing liabilities.

2. The expertise of the bidder in conducting such business, and whether it is in the position to employ professional Managers to run the business on sound business lines.

3. The bidder shall also disclose how much and when they shall be making their investment so as to give a clear picture to the Committee as to the approximate time that may be taken to discharge the existing liabilities of the Super Bazar and enabling it to start afresh.

4. They shall also disclose their source of funding.

5. The intending bidders must deposit by way of earnest money a demand draft from a Nationalized Bank for a sum of Rs. 5 Crores. After the advertisements are issued and bids received, the Committee shall evaluate them having regard inter-alia to the guidelines laid down by the Supreme Court.

5.2 The bids received in response to the above advertisement were evaluated by the Committee and evaluation report has been submitted to the Supreme Court on 04.07.2006 for further directions. The next date of hearing fixed by the Supreme Court is 03.08.2006. The matter is sub judice before the Supreme Court. The entire process has been as per the directions of the Supreme Court. Any steps to be taken by the Government will be dependent on interim, if any, and final orders of the court in this matter.

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5.3 The Ministry vide OM No. G-20011/1/2006-CPD (Part File) dated 13.11.2006 have informed the Committee that Hon'ble Supreme Court has made the following order:-

> "An affidavit has been filed on behalf of the N.D.M.C. and the parties before us have considered the affidavit from which it appears that the N.D.M.C. is willing to let out the entire premises of the Super Bazar located in Connaught Circus on the basis of payment of rent at market rate. They have also indicated the approximate rate at which such premises are let out in that locality. In these circumstances we can now proceed to consider the bids made by the two contending parties and also consider the legal issues involved in terms of this Court's order dated 26th July, 2006. **Let these matters come up on 5th December, 2006 when we shall make an effort to dispose of the matters finally**."

Recommendation (Serial No.14, Paragraph-5.5)

5.4 The Committee find that NTH is a premier R&D Institution under the ambit of Department of Consumer Affairs. It is involved in all respect of technology, connected with industry, commerce, trade and standardization. In the opinion of the Committee, NTH should gear up their machineries, in the wake of challenges thrown upon by globalization of Indian economy and take proactive action/steps in protecting the interest of Indian entrepreneurs. At the same time, the Committee recommend that the Government should evaluate the working of NTH to see as to how far it has been able to achieve the aims and objectives for which it was set up. There is also a need to undertake Serial Audit of NTH. The Committee would like to be apprised of the outcome.

Reply of the Government

5.5 In order to play an active role in meeting the requirements of the engineering industries in the wake of globalization, NTH are taking steps in creating laboratories of Centre of Excellence in various regions of NTH. Some important areas of operation are: Chemical Paint & Hi-Polymer, Packaged Drinking Water, Tea, Petrol/Diesel, Electrical Energy Meter, Batteries, FRLSH (Flame Retardant Low Smoke Halogen) Cable, High Voltage Testing, Automobile Tyre, Failure Analysis of Engineering Materials, Cement, Water Meter, Wood & Wood Products.

5.6 There is a proposal to have a study of NTH to redefine its role in the present national perspective. The proposed study of NTH by IIM, Kolkata would include – (i) Comparative studies with other similar bodies in India and abroad to examine how they function and how the NTH structure and functioning should be remodeled to make it more relevant to present and future requirements; (ii) Conducting a perception survey of the existing brand image of NTH as a testing organization and its test reports; (iii) Suggesting measures required for building in transparency and reliability of the test report; (iv) Preparation of road-map for changes in the organizational structure, functioning and its relationships with Government, industry and other bodies; (v) Evaluating long term human resource needs and determining extent of outsourcing; (vi) Suggesting training and human resource development needs of NTH and suggesting Training Institutions in India and abroad, where training could be arranged; (vii) Preparation of road map for making it self-sufficient over a specified period; (viii) Prescribing productivity norms for NTH personnel.

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(Department of Consumer Affairs)
OM No. G-11027/3/2006-P&C dated 18th August, 2006)

NEW DELHI;
20 NOVEMBER, 2006
29 Agrahayana, 1928 (Saka)

DEVENDRA PRASAD YADAV,
Chairman,
Standing Committee on Food,
Consumer Affairs and Public Distribution

MINUTES OF THE EIGHTH SITTING OF THE STANIDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2006-2007) HELD ON FRIDAY, 17th NOVEMBER, 2006.

The Committee sat from 1530 hours to 1600 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

Present

Shri Devendra Prasad Yadav - Chairman

MEMBERS
LOK SABHA

2. Shri W.Wangyuh Konyak
3. Shri Munshi Ram
4. Adv. P. Satheedevi
5. Smt. V. Radhika Selvi
6. Shri Chandra Bhan Singh

RAJYA SABHA

7. Shri T.S. Bajwa
8. Shri Shantaram Laxman Naik
9. Shri Kanjibhai Patel
10. Shri Rajniti Prasad
11. Shri Matilal Sarkar

SECRETARIAT

1.	Shri P.K.Bhandari	-	Joint Secretary
2.	Shri R.S. Kambo	-	Deputy Secretary
3.	Shri B.S. Dahiya	-	Under Secretary
4.	Shri Jagdish Prasad	-	Assistant Director

Cont/-…..

2. At the outset, the Hon'ble Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration Draft Report on Action Taken by the Government on the recommendations/observations contained in the 13th Report of the Standing Committee on Food, Consumer Affairs and Public Distribution on “Demands for Grants (2006-07)” pertaining to the Department of Consumer Affairs and adopted the same with some minor modifications/ amendments.

3. The Committee authorized the Chairman to finalise the Draft Report in the light of consequential changes and present the same to Parliament on their behalf in the ensuing Winter Session of Parliament.

4. During deliberations, the Members desired that the Committee may visit some of the places to have in depth study of the subjects selected by the Committee for detailed examination after the Winter Session of Parliament. After some discussion , the Committee decided to undertake an on-the-spot study visit to Goa, Cochin, Lakshadeep and Mumbai from 23rd to 30th December, 2006.

The Committee then adjourned.

APPENDIX III

(Vide Introduction of the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTEENTH REPORT OF THE COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (FOURTEENTH LOK SABHA)

(i) Total Number of Recommendations 15

(ii) Recommendations/observations which have been accepted by the Government :

Recommendation Nos.1,4,5,6,10,11,12,15.

Total 8

Percentage 54

(iii) Recommendations/observations which the Committee do not desire to pursue in view of the replies received from the Government

Recommendation Nos.3, 7 and 13.

Total 3

Percentage 20

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Recommendation Nos. 2 and 9

Total	2
Percentage	13

(v) Recommendations/observations in respect of which the replies of the Government are still awaited

Recommendation No. 8 and 14	
Total	2
Percentage	13